



RULE-MAKING ORDER

(RCW 34.05.360)

CR-103 (7/22/01)

Agency: Insurance Commissioner

- ☒ Permanent Rule
☐ Emergency Rule
☐ Expedited Rule Making

(1) Date of adoption: October 23, 2002

(2) Purpose: RCW 48.120 requires vendors that sell to, enroll in, and bill and collect premiums from customers for insurance covering communications equipment on a master, corporate, group, or individual policy basis to file a specialty producer license application with the Commissioner.

Insurance Commissioner Matter No. R 2002-08

(3) Citation of existing rules affected by this order:

Repealed:
Amended:
Suspended:

(4) Statutory authority for adoption: RCW 48.02.060, 48.120.025
Other Authority:

PERMANENT RULE ONLY (Including Expedited Rule Making)

Adopted under notice filed as WSR 02-16-093 on August 7, 2002 (date).
Describe any changes other than editing from proposed to adopted version:

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- ☐ (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?:

☐ Yes ☒ No If Yes, explain:

(6) Effective date of rule:

Permanent Rules

- ☒ 31 days after filing
☐ Other (specify) _____*

*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

Emergency Rules

- ☐ Immediately
☐ Later (specify) _____

CODE REVISER USE ONLY

Name (Type or Print)

Mike Kreidler

Signature

Title

Insurance Commissioner

Date

10/23/02

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	<u>10</u>	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____

Chapter 284-17A WAC

COMMUNICATIONS EQUIPMENT LICENSES

NEW SECTION

WAC 284-17A-010 Do I need to be licensed as a specialty producer? If you lease, sell, or provide communications equipment or communications service, you must have a specialty producer license in order to market insurance related to the sale of the communications equipment.

NEW SECTION

WAC 284-17A-020 What definitions are important throughout the chapter? (1) "Communications equipment" means cell phone handsets, pagers, personal digital assistants, portable computers, automatic answering devices, batteries, and their accessories or other devices used to originate or receive communications signals or service approved for coverage by rule of the commissioner, and also includes services related to the use of the devices.

(2) "Communications equipment insurance program" means an insurance program.

(3) "Communications service" means the service necessary to send, receive, or originate communications signals.

(4) "Customer" means a person or entity purchasing or leasing communications equipment or communications services from a vendor.

(5) "Specialty producer license" means a license issued that authorizes a vendor to offer or sell insurance.

(6) "Supervising agent" means an agent licensed under RCW 48.17.060 who provides training and is affiliated to a licensed vendor.

(7) "Vendor" means a person or entity resident or with offices in this state in the business of leasing, selling, or providing communications equipment or communications service to customers.

(8) "Appointing insurer" means the insurer appointing the vendor as its agent under a specialty producer license.

NEW SECTION

WAC 284-17A-030 How do I apply for specialty producer license? Forms and instructions may be obtained from the licensing section of the office of insurance commissioner.

To apply for a specialty producer license, you must submit to the licensing section of the OIC the following:

(1) An application with the commissioner signed by the applicant, or an officer of the applicant, and include the following:

(a) Applicant's name;

(b) If an entity, the type of entity;

(c) Address for its primary location in the state of Washington and each additional location at which it intends to offer communications equipment insurance to Washington consumers;

(d) A copy of its articles of incorporation; and

(e) A certificate of good standing from the secretary of state.

(2) An appointment as an agent completed by each authorized insurer(s) authorizing the applicant to represent the insurer.

(3) An affiliation completed by the applicant authorizing the supervising agent to represent the applicant. The supervising agent must be licensed under RCW 48.17.060.

(4) Fees:

- | | |
|-------------------|-----------|
| • License fee | \$500 |
| • Appointment fee | \$20 each |
| • Affiliation fee | \$20 |

NEW SECTION

WAC 284-17A-040 How do I renew the license? A renewal notice will be mailed to each licensed specialty producer in May for renewal by July 1 of each year. You must submit this renewal notice with the two hundred fifty dollar fee, if received prior to the July 1 expiration. If received one to thirty days late, the fee is three hundred seventy-five dollars. If received thirty-one to sixty days late, the fee is five hundred dollars. If received after sixty days, the license, appointment(s) and affiliation must be reinstated.

NEW SECTION

WAC 284-17A-050 What information must I provide to prospective customers? Approved written material must be readily available to prospective customers at every location where you sell a communications equipment insurance program.

NEW SECTION

WAC 284-17A-060 What is included in the written material?

The supervising agent must submit the written materials regarding the program with the initial application for approval with the commissioner. Any changes or additions to this material must be approved by the commissioner prior to implementation. The materials must:

(1) Clearly and correctly summarize the material terms of the coverage offered and identify the insurer and supervising agent or broker;

(2) State that the purchase of the communications equipment insurance program is not required in order to purchase or lease communications equipment;

(3) Separately set forth the charges applicable to the coverage; and

(4) Describe the process for filing a claim.

NEW SECTION

WAC 284-17A-070 Do I need to provide training to my employees? The supervising agent must supervise a communication equipment insurance training program for the vendor's employees. The supervising agent must be authorized and approved by the appointing insurer. The supervising agent must file with the commissioner an outline of the training materials used to train employees of the licensed vendor about the communications equipment insurance program.

NEW SECTION

WAC 284-17A-080 What are the requirements for the accounting of premiums? The specialty producer shall not be required to treat premiums collected from its customers as funds received in a fiduciary capacity, provided that:

The premium charge is separately itemized on customer billings and periodically remitted to the supervising agent pursuant to the terms of a written contract; and

The insurer has consented in writing, signed by an officer of the insurer, that premiums need not be segregated from other funds received by the vendor.

NEW SECTION

WAC 284-17A-090 Does the commissioner have authority to suspend, fine, or revoke my license or refuse to license me? Yes. The commissioner can deny a license application, fine a vendor, or suspend or revoke a license. See RCW 48.17.540 through 48.17.560. The conduct of your employees and any authorized representatives within the scope of their employment or agency is viewed under the law as your conduct.

NEW SECTION

WAC 284-17A-100 What is the effective date of this rule? Each communications equipment vendor offering communications equipment insurance prior to July 1, 2002, may continue to offer such insurance provided that it makes application for licensure as a communications equipment insurance specialty producer on or before January 1, 2003. The expiration date of this initial license is July 1, 2004.